

LOUISIANA DELTA SERVICE CORPS
Baton Rouge, Louisiana

FINANCIAL REPORT

(Reviewed)

August 31, 2012

LOUISIANA DELTA SERVICE CORPS

Baton Rouge, Louisiana

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Louisiana Delta Service Corps
Baton Rouge, Louisiana

We have reviewed the accompanying statement of financial position of the **LOUISIANA DELTA SERVICE CORPS (LDSC)** (a non-profit corporation) as of August 31, 2012, and the related statement of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2012 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The financial statements for the year ended August 31, 2011, were audited by us, and we expressed an unqualified opinion on them in our report dated January 18, 2012, but we have not performed any auditing procedures since that date.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
December 14, 2012

LOUISIANA DELTA SERVICE CORPS

Baton Rouge, Louisiana

STATEMENTS OF FINANCIAL POSITION

August 31, 2012 and 2011

(See Independent Accountants' Review Report)

ASSETS			
	(Reviewed)	(Audited)	
	2012	2011	
CURRENT ASSETS			
Cash	\$ 285,366	\$ 274,144	
Certificate of deposit	55,932	55,744	
Accounts receivable	26,046	6,364	
Prepaid expense and other	4,295	-	
Total current assets	371,639	336,252	
EQUIPMENT, net	1,331	2,055	
Total assets	<u>\$ 372,970</u>	<u>\$ 338,307</u>	
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 2,354	\$ 3,884	
Accrued expenses	8,434	7,414	
Total current liabilities	10,788	11,298	
NET ASSETS			
Unrestricted	362,182	327,009	
Total liabilities and net assets	<u>\$ 372,970</u>	<u>\$ 338,307</u>	

The accompanying notes to the financial statements
are an integral part of this statement.

LOUISIANA DELTA SERVICE CORPS

Baton Rouge, Louisiana

STATEMENTS OF ACTIVITIES

August 31, 2012 and 2011

(See Independent Accountants' Review Report)

	(Reviewed) 2012	(Audited) 2011
REVENUES		
Grants:		
Federal assistance	\$ 496,179	\$ 585,754
State assistance	2,921	3,478
Other:		
In-kind	335,037	403,860
Host sites	267,915	341,311
Interest and other	5,307	4,892
Total revenues	<u>1,107,359</u>	<u>1,339,295</u>
EXPENSES		
Program:		
Personnel	720,912	932,408
Participant support costs	208,186	245,556
Operational	71,117	67,623
Administrative	<u>71,971</u>	<u>67,335</u>
Total expenses	<u>1,072,186</u>	<u>1,312,922</u>
Change in net assets	35,173	26,373
NET ASSETS - UNRESTRICTED		
Beginning of year	<u>327,009</u>	<u>300,636</u>
End of year	<u>\$ 362,182</u>	<u>\$ 327,009</u>

The accompanying notes to the financial statements
are an integral part of this statement.

LOUISIANA DELTA SERVICE CORPS

Baton Rouge, Louisiana

STATEMENTS OF CASH FLOWS

August 31, 2012 and 2011

(See Independent Accountants' Review Report)

	(Reviewed) 2012	(Audited) 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 35,173	\$ 26,373
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	724	1,121
Change in operating assets and liabilities:		
Accounts receivable and other assets	(23,977)	27,447
Accounts payable and accrued liabilities	(510)	(16,008)
Net cash provided by operating activities	11,410	38,933
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned on investments	(188)	(111)
Net increase in cash	11,222	38,822
CASH		
Beginning of year	274,144	235,322
End of year	\$ 285,366	\$ 274,144

The accompanying notes to the financial statements
are an integral part of this statement.

LOUISIANA DELTA SERVICE CORPS

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and operations

Louisiana Delta Service Corps (LDSC) is a non-profit corporation whose purpose is to engage Americans of all ages and backgrounds as participants in community based service that provides a direct and demonstrable benefit that is valued by the community. Areas of service are education, public safety, the environment, and other human needs. LDSC primarily operates in the Baton Rouge and New Orleans areas.

LDSC administers the AmeriCorps program funded by federal grants through Corporation for National and Community Service/State of Louisiana/Louisiana Serve Commission.

Basis of presentation

The accounting and reporting policies of LDSC conform to generally accepted accounting principles.

LDSC reports its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. LDSC did not have any temporarily or permanently restricted net assets at August 31, 2012 and 2011.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for depreciation, allowance for doubtful accounts, accrued vacation leave, and in-kind revenues and expenses.

Revenue recognition

LDSC records grant revenue as services are rendered. Corps member host site revenue is realized in the period in which services are provided.

Cash and cash equivalents

For the purpose of the statement of cash flows, LDSC considers cash in operating bank accounts as cash.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts receivable and allowance for doubtful accounts

Accounts receivable are recorded at cost, net of an allowance for doubtful accounts. At August 31, 2012, there was no accounts receivable in excess of 90 days. Consequently, no allowance for doubtful accounts was needed. LDSC does not require collateral.

Equipment

Equipment purchased by LDSC is recorded at cost. Depreciation is computed using the straight line method.

In-kind contributions

The value of contributed services to LDSC has been recognized at the fair market value of the benefit received. Contributed services during the years ended August 31, 2012 and 2011, consisted of training and supervision of LDSC corps members during service projects, and the use of building space provided by sponsoring not-for-profit agencies. LDSC received \$335,037 and \$403,860 as in-kind contributions during the years ended August 31, 2012 and 2011, respectively.

Contributions of services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing these skills and would typically be purchased if not provided by donation.

Vacation leave

Vacation leave is earned at varying rates for two to four weeks depending on length of service. A maximum of ten days of unused leave can be carried over to the subsequent year. Accordingly, amounts related to such vacation leave have been accrued.

Income taxes

LDSC is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

LDSC follows the provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management believes it has no material uncertain tax positions and, accordingly has not recognized a liability for any unrecognized tax benefits. LDSC's open audit periods are 2009 through 2011.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pension Plan

LDSC sponsors a salary deferral plan that has been established under Section 403(b) of the Internal Revenue Code. Under the provisions of the plan, employees may elect to defer a percentage of their compensation up to a maximum of \$17,000 annually. Salary deferrals and the related earnings are 100% vested and non-forfeitable. LDSC is not required to make matching contributions to the plan. However, during the years ended August 31, 2012 and 2011, LDSC contributed approximately \$30,500 and \$18,400, respectively, to the plan.

These assets are held in the trust fund established under the Plan; the trust fund is independent of LDSC. The responsibility for administration of the plan is with American Funds of VALIC.

NOTE 2 - CERTIFICATES OF DEPOSIT

At August 31, 2012 and 2011, LDSC held certificates of deposits (CD) with a market value and cost of \$55,932 and \$55,744. Interest earnings are reinvested into the CD when paid.

NOTE 3 - EQUIPMENT

Equipment, related service lives, and accumulated depreciation at August 31, 2012 and 2011, are as follows:

<u>Description</u>	<u>Service Lives</u>	<u>2012</u>	<u>2011</u>
Equipment	3-5 years	\$ 19,486	\$ 19,486
Less accumulated depreciation		<u>(18,155)</u>	<u>(17,431)</u>
Equipment, net		<u>\$ 1,331</u>	<u>\$ 2,055</u>

Depreciation expense was \$724 and \$1,121 for the years ended August 31, 2012 and 2011, respectively.

NOTE 4 - ECONOMIC DEPENDENCY

During the years ended August 31, 2012 and 2011, LDSC received the majority of its revenues through Federal grants, as follows:

	<u>2012</u>	<u>2011</u>
Receivables, beginning of year, federal only	\$ 6,364	\$ 26,250
Revenues earned	496,179	585,754
Collections	<u>(476,497)</u>	<u>(605,640)</u>
Receivables, end of year, federal only	<u>\$ 26,046</u>	<u>\$ 6,364</u>

NOTE 5 - COMMITMENT

LDSC leases office facilities and parking space under operating leases with two-year terms. During the years ended August 31, 2012 and 2011, rent expense was \$14,400 and \$14,720, respectively. For the years ended August 31, 2012 and 2011, \$10,560 was provided each year as an in-kind donation by the property owner, and the remainder was paid by LDSC.

NOTE 6 - CONCENTRATIONS OF CREDIT RISK

Financial instruments which subject LDSC to concentrations of credit risk consist primarily of receivables. In addition, LDSC maintains cash in local banks, which may, at times, exceed the FDIC limits. Management believes the risk is limited.

NOTE 7 - SUBSEQUENT EVENTS

In preparing these financial statements, LDSC has evaluated events and transactions for potential recognition or disclosure through December 14, 2012, the date the financial statements were available to be issued.

LOUISIANA DELTA SERVICE CORPS

Baton Rouge, Louisiana

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

August 31, 2012



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Louisiana Delta Service Corps
Baton Rouge, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the **LOUISIANA DELTA SERVICE CORPS (LDSC)**, the Legislative Auditor, and applicable state grantor agency/agencies solely to assist the users in evaluating management's assertions about LDSC's compliance with the certain laws and regulations for the year ended August 31, 2012 included in the accompanying *Louisiana Attestation Questionnaire*. Management of LDSC is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and applicable provisions of *Government Auditing Standards*, published by the United States Comptroller General. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

With respect to your representations relating to the federal, state, and local awards compliance, as of August 31, 2012, and for the year then ended, we applied the following agreed-upon procedures:

Federal, State, and Local Awards

1. Determine the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year.

LDSC was awarded three Federal grants during 2012, and details are as follows:

Grant description	Award #	Amount expended
Corp. for National and Community Service (2012)	06AFHLA0010026	\$ 491,912
Corp. for National and Community Service (2011)	06AFHLA0010026	3,767
Program Development and Assistance Training	11PTHLA001	500

LDSC was awarded one State of Louisiana, Department of Economic Development grant during 2012, and details are as follows:

Grant description	CFMS #	Amount expended
Department of Children and Family Services	709801	\$ 2,921

LDSC did not receive any local awards during 2012.

2. For each federal, state, and local award, we performed the following procedures:

We randomly selected six disbursements from the awards administered during the period under examination, and traced the disbursements to supporting documentation as to proper amounts and payees. For grants with less than six disbursements, all disbursements were selected. Absent one exception, all disbursements received approval from proper authorities, and were properly coded to the correct funds and general ledger accounts. The exception resulted from the Executive Director estimating mileage reimbursements based on several event attendees; however, subsequent to the grant expiration date, only one of the eight attendees actually submitted a request for reimbursement. This exception has been reviewed with management and the granting agency.

Based on our review of disbursements, the state award complied with the grant agreements, in terms of activities allowed or unallowed, eligibility, and reporting.

3. Three federal awards and one state award were completed during 2012 and all were accepted by their respective governance agencies.
4. The open meetings law is not applicable to LDSC.
5. For all grants exceeding five thousand dollars, the grantee is required to provide the grantor with a comprehensive budget.

The agreements above provided a comprehensive budget that included the purpose and duration, specific goals, objectives, and measures of performance. Based on our review of the grant agreements, the grants comply with federal laws, state laws, and regulations in terms of budget, purpose, and duration.

6. There were four reported prior year comments and recommendations, and two have been resolved (member eligibility and recording/recognizing in-kind revenues and expenses). The remaining two relate to segregation of duties, and accounting and preparation of financial statements. Both will continue to be reported due to the small size of the organization. Management agrees with these findings; however, they intend to continue using their current accounting firm due to the cost benefit.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for use of the Board of Directors and management of the Louisiana Delta Service Corps, the Legislative Auditor (State of Louisiana), and the applicable federal/state grantor agency/agencies and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

Faulk & Winkler, LLC

Certified Public Accountants

Baton Rouge, Louisiana
December 14, 2012

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Agencies)

November 30, 2012

Faulk & Winkler, LLC
6811 Jefferson Hwy.
Baton Rouge, LA 70806

In connection with your review of our financial statements as of August 31, 2012 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of November 30, 2012.

Federal, State, and Local Awards

We have detailed for you the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes ☒ No ☐

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes ☒ No ☐

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes ☒ No ☐

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes ☒ No ☐

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:1 through 42:13 (the open meetings law).

N/A

Yes ☐ No ☐

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes ☒ No ☐

Prior Year Comments

We have resolved all prior-year recommendations and/or comments.

N/A

Yes ☐ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Elizabeth Irvine Executive Director
12/14/2012 Date